Agenda Item #	
Submitted By:	
City Manager	_

BUDGET REDUCTION OPTIONS

RECOMMENDED ACTION(S):

- 1) Review Budget Reduction Options;
- 2) Provide General Guidance; and
- 3) Schedule a Workshop for December 10 and a Public Hearing on December 17.

EXECUTIVE SUMMARY: In a separate memorandum, the City Manager has recommended a series of short term budget reductions in order to achieve the Council's target of a sustainable budget by June 30, 2013 while maintaining reserves at no less than 25% of annual revenues.

To accomplish the target, it is necessary to reduce the budget by about \$2.0 million on a permanent annual basis in the following funds: General Fund, Streets Operations Fund, Environmental Programs Fund, and the Community Development Fund.

Elimination of some services and reductions in service levels for others have been focused on areas of lower priority. Nonetheless, for cuts in services to result in budget savings it is necessary to cut the funding for both filled and vacant staff positions. In accordance with the Principles for a Sustainable Budget, affected employees will be offered assistance during the transition, and we will look for opportunities to reorganize or offer inducements for early retirement in order to minimize the need for layoffs.

Although decisions on budget reductions should be made in January 2009, the City Manager's memorandum will also outline other ongoing strategies:

- Pursuing partnerships with other agencies in order to achieve efficiencies in service delivery.
- Pursuing entrepreneurial opportunities such as storing vehicles towed by the Police Department.
- Evaluating reorganization opportunities to achieve greater efficiency even at reduced service levels such as in administrative support.
- Evaluating further savings by shifting City provided services to individuals, businesses, neighborhoods and community organizations.
- Accelerating public works projects that will improve economic development opportunities.

Each of these strategies would benefit from a renewed community dialogue about the expectations of City government in the light of significantly reduced available funding. The Council's annual goal setting retreat should consider a process for launching such a dialog.



Memorandum City Manager's Office

Date: December 1, 2008

To: Mayor and City Council

From: J. Edward Tewes, City Manager

Subject: Recommended Budget Strategy FY 09 – FY 13

In a previous report presented on November 19, 2008 we identified the need for significant budget reductions in those services financed by discretionary tax revenues and development fees. A significantly deteriorating economy has already reduced city revenues derived from property taxes, consumer spending, and new housing construction.

We must take steps to maintain a sustainable budget despite an extremely negative near term outlook for the national and state economies. We start from a strong position: healthy reserves, low staffing levels, modest service levels, and a cost structure better than other Santa Clara County cities.

This starting position allows us to make decisions thoughtfully and deliberately, but a sustainable budget strategy will necessarily include a use of reserves, staff reductions, service level cuts, and even lower costs.

This report details the City Manager's Recommended Budget Reduction Strategy with some actions to be taken in January and others beginning July 1, 2009 and carrying through to June 30, 2013. These or similar actions are needed to achieve a sustainable budget at reasonable reserve levels. The recommendations have been developed collaboratively by the Senior Executive Team, and impacts have been identified by the relevant Department Director.

In addition, the report outlines other ongoing strategies that go beyond mere budget reductions:

Pursuing partnerships with other agencies in order to achieve efficiencies in service delivery

Pursuing entrepreneurial opportunities to generate revenue

Evaluating reorganization opportunities to achieve greater efficiency even at reduced service levels

Evaluating further savings by shifting City provided services to individuals, businesses, neighborhoods and community organizations

Accelerating public works projects and revising development standards and processes in order to encourage economic development and growth.

Recommended Budget Reduction Strategy

The recommended strategy includes:

Elimination of some lower priority services, projects and programs

Reduction in service levels

Eliminating future funding for 3.5 FTE currently vacant positions

Permanently eliminate funding for 3 other positions that are not in the current budget

Layoffs for 14 employees in currently filled positions

Reduced labor costs for management and represented employee groups

Drawdown of reserves

Services

The strategy proposes:

The removal of turf and playground equipment from less frequently used parks allowing for a reduction in staff and irrigation costs

Turning off about 2/3 of residential street lights to save electricity and money

Reduce street maintenance activities from "proactive" to reactive

Elimination of environmental programs other than those mandated by contract or law

Elimination of the "community services" functions of the Recreation and Community Services Department

Reduction in taxpayer funding for community sponsored events

Elimination of specialized services to youth and seniors including staff support to the Youth Advisory Committee and the Senior Advisory Committee

Reduction in cleaning and maintenance levels at city facilities

Reduction in management of administrative services

Reorganization of police patrol squads to substitute civilian Multi Service Officers for three sworn positions

Reduction in battalion chief coverage and reduction in special fire patrol hours during the summer

Reduction in building and planning counter assistance

Reduction in records management and administrative support to the City Council

Staff positions

The Strategy proposes to eliminate vacant positions, reduce work hours of filled positions, and layoff 14 employees. The savings attributable to these recommendations are identified on an attachment to this memorandum. The resulting staffing levels are also shown on a separate attachment.

Funding for the following vacant positions would be cut:

Eliminate the vacant position of Human Resources Director

Eliminate a vacant position of Accounting Assistant in the Finance Department

Replace two vacant Police Officer positions and replace them with Municipal Services Officers

Eliminate a part time Custodian that would have been assigned to the Development Services Center

Reduce from full time to part time the vacant position of Municipal Services Assistant in the Council Services and Records Management Department

Permanently eliminate funding for the vacant positions of Chief Building Official, Senior Planner, and Development Services Technician The Strategy proposes to layoff 14 employees (representing 13.5 FTE's) and reduce the work hours of two employees in the positions listed. Some of the affected employees are eligible to compete and may be interested in applying for positions created by recommended reorganization. The City Personnel Rules and case law specify notice requirements to employees and "bumping" rights for longer term employees who are subject to layoff. In addition, however, we will be proposing a transition and severance package for Council consideration in January.

Eliminate a Part time Office Assistant in the Council Services and Records Management Department

Eliminate the position of Council Services and Records Manager and replace with a position of Deputy City Clerk

Reduce the work hours of the Human Resources Assistant in the Human Resources Department

Reduce the work hours of a Part time temporary position in the Human Resources Department

Eliminate one Groundskeeper position in the Parks Division of the Public Works Department

Eliminate one Maintenance Worker I position in the Streets Division of the Public Works Department

In FY 11 eliminate one Police Officer position and replace with a Multi Service Officer (This position may become available through attrition, and a layoff may not be necessary.)

Eliminate the Community Services/Planning Manager in the Recreation and Community Services Department

Eliminate two Recreation Coordinators in the Recreation and Community Services Department

Eliminate one Custodian in the Recreation and Community Services Department

Reduce the work hours of Management Analyst in the Police Department

Eliminate the position of Administrative Secretary in the Community Development Department

Eliminate one Assistant Planner in the Community Development Department

Eliminate one Environmental Programs Coordinator in the Public Works Department

Reduce staffing in the Building Division of the Community Development Department by eliminating two Building Inspectors and the position of Senior Building Inspector/Facilities Manager; and replacing with Deputy Building Official and Senior Building Inspector. (See attachment for additional detail.)

The actual number of employees to be laid off will depend on Council decisions regarding the Budget Reduction Strategy and whether any employees decide to retire early by taking advantage of an incentive program that we will recommend on December 17. CalPERS offers a program to grant two additional years of service credit to employees in positions that are being eliminated or reorganized. The additional costs to the City are amortized over a 30 year period beginning two years after implementation.

We also believe it is important to assist impacted employees throughout the transition. This includes those on the layoff list and those that may be "bumped" as part of the process. Transition assistance includes counseling, jobs preparation skills training, and benefits coordination. Current Personnel Rules do not provide for any severance payments to laid off employees but we believe that a modest severance package is appropriate and we will discuss that with AFSCME and POA.

Labor Costs

The Recommended Budget Reduction Strategy proposes to reduce overall labor costs. First, it is recommended that management and unrepresented employees receive no salary increase on July 1, 2009. This recommendation can save nearly \$140,000 annually in the funds targeted for reductions. The Five Year Financial Forecast assumes that in FY 11 and each subsequent year total labor costs for management positions would increase by 3%. That assumption is for total costs including costs of salaries, retirement, health benefits, and step increases. We will have a specific revision to the Management Resolution available for Council consideration on December 17.

Other labor costs are established through collective bargaining for three units represented by AFSCME, the Morgan Hill Police Officers Association, and the Morgan Hill Community Services Officers Association.

There are existing contracts that provide for salary and benefit increases for the current year and subsequent years. The negotiated salary increases are shown below:

Scheduled Bargaining Unit Increases

Bargaining Unit	Term	7/1/08	8/24/08	9/1/08	4/1/09	7/1/09	8/23/09	4/1/10	6/30/10	8/22/10	3/20/11
AFSCME	7/1/2008 to 6/30/2011		3.00%				3.00%			2.00%	2.00%
CSOA	7/1/2008 to 6/30/2011			2.00%	1.00%		3.00%			2.00%	2.00%
POA	7/1/2007 to 6/30/2010	2.00%			3.00%	2.00%		4.50%	Expires		

The Recommended Budget Reduction Strategy proposes to negotiate revisions to those existing contracts with a goal of saving \$150,000 annually in the targeted funds. Any revisions will require good faith negotiations to achieve the goal, and can only be implemented by agreement of the affected units. Labor costs can be reduced and still provide salary security for represented groups by extending contracts even further into the future. However, if we are unable to reach agreement, it will be necessary to further cut services to the community and to reduce positions. If necessary, efforts to reduce overall labor costs will be renewed during subsequent negotiations for new agreements.

The existing salary adjustments were agreed to by both the City and the bargaining units when four different assumptions seemed reasonable:

The City's costs to provide retirement benefits would be stabilized by CalPERS' "rate smoothing" commitment

The cost of living would continue to increase

Labor markets would continue to be competitive

The City's finances would be stabilized as a result of retail sector diversity and continued growth

Each of those assumptions no longer holds.

CalPERS has announced that in the light of unprecedented losses in its stock portfolio, employer contribution rates will go up between 2-5% points beginning in FY 12. The Five Year Forecast assumes a 2% point increase in the rates at that time. Currently, the City pays about 13% of salary for miscellaneous employees and about 29% for police officers.

In October 2008, the CPI actually declined reflecting significant reduction in gasoline prices and the cost of housing.

Santa Clara County is again facing high unemployment rates. Traditionally, Morgan Hill has had higher unemployment rates than other communities. The most recent data for October suggests that the unemployment rate in Morgan Hill was 8.9 %, representing 1600 residents of Morgan Hill seeking employment. Even in the public sector, job growth has stopped and many agencies are reducing their workforce.

The unprecedented deterioration in the economy has been led by the drop in housing prices and consumer spending. Retail outlets, including Mervyns, Circuit City, and Ross are closing. Auto sales are at all time lows. New housing production has come to a virtual dead stop.

Additional detail on aspects of labor costs over time including salary adjustments, retirement costs and health benefit costs is shown in the attachments.

Reserves

The City maintains healthy budget reserves as a prudent element of the Sustainable Budget Strategy. Current reserve levels in the General Fund are at higher levels than required by the Council's policy. However, the Streets Fund has no reserves, and the Community Development Fund is quickly exhausting its reserves. By allowing reserves to be depleted gradually, further adverse service and employee impacts can be minimized.

The Recommended Budget Reduction Strategy proposes to use reserves from the Park Maintenance Fund as well. This fund was initially established by a transfer of \$ 1.0 million of General Fund reserves. Annual revenue includes payments from homebuilders who agree to pay "double park fees" in order to gain a competitive advantage in the RDCS allocation competition. It has been the Council's goal to allow this fund to increase so that it could act as an "endowment" fund to pay for annual park maintenance costs. At current costs and typical annual revenues, the fund will never grow to a point where the interest on the fund alone could support park maintenance costs. (The current parks spending is about \$700,000 annually. The endowment fund would have to be more than \$15 million to generate that level of return. Yet

the current fund balance is less than \$4 million. Although future revenues will grow, so will the costs to be financed.)

For the next five years, the Council has already approved a recommendation to transfer funds from the Park Maintenance Fund at a level that would suspend the goal of increasing the fund balance.

Now, the Recommended Budget Strategy proposes that an additional \$100,000 annually be transferred <u>resulting in a fund balance decline</u> just as the other related funds are experiencing. The Park Maintenance Fund would still have a substantial positive balance, but the already unrealistic expectations of an "endowment fund" would be made even more difficult.

<u>Redevelopment</u>

The Redevelopment Agency is also impacted by the deterioration in the economy. First, tax increment growth will be slower than forecast, although still strong enough to support the debt service on the tax allocation bonds that will finance major projects. Second, the State of California proposes to balance its budget by shifting local revenue from the RDA. In the current FY 09, Morgan Hill will lose \$2.2 million. Proposals for future State budgets propose taking even more. The FY 10 RDA budget will recommend staffing and financing proposals to align with available resources.

Summary

Based on the assumptions outlined in the Five Year Forecast, the recommended Budget Reduction Strategy would achieve the Council's goal of a balanced budget by June 2013 for the activities financed by the General Fund, Streets Operations Fund, Environmental Programs Fund and the Community Development Fund. The reserve levels at June 2013 would be as follows:

GRAND TOTAL	\$8.9 million	or 25.5 % of revenues
Community Development Fund	\$0.2 million	or 5.5 %
Subtotal, Combined	\$8.7 million	or 27.8% of revenues
Environmental Programs Fund	(0.1) million	N/A
Street Operations Fund	(0.4) million	N/A
General Fund	\$9.2 million	or 31.4 % of revenues

In an uncertain economic environment, it will be necessary to continuously monitor progress, maintain fiscal discipline, evaluate options, and continue high priority services such as public safety.

Beyond Budget Reductions

We must prepare for a smaller organization that delivers fewer services. Yet we know that over the long term, Morgan Hill will continue to grow. Down the road, if tax revenues return to historic levels or at least historic growth rates, those revenues will be needed just to maintain the new lower levels of service to a larger community. Expanding the tax base and cost controls must remain important components of the Sustainable Budget Strategy.

The Five Year Forecast assumes that modest housing production will return in FY 11. The Budget Reduction Strategy proposes that beginning in that year planning, building and engineering staff slowly be added back to manage the increasing workload, that will be financed by development fees. If the activity does not rebound, then the staff levels would not be expanded. If fee revenue can support it higher levels of staffing may be needed to accommodate higher volumes of activity.

We believe it is important that the Council and staff continue to pursue other strategic approaches as well.

<u>Partnerships</u>

Many cities in Santa Clara County are experiencing the same declines in revenue and are pursuing their own budget balancing strategies. We believe there are opportunities to maintain or improve services at lower net costs by working together. Other opportunities are already being explored to contract with each other to provide services in areas such as planning counter assistance which would reduce adverse impacts on employees subject to layoff.

Examples of possible partnerships include:

Expanding the recreation membership model to all of South County

Joint task forces to address gang issues

Opportunities to cross train public safety dispatchers; or develop a single dispatch center (the study of which is currently in the Police Department Workplan)

Partnerships have the potential to save money through efficiencies but the real payoff can be in improved service. The spirit of partnership requires that the parties share risks and rewards, and be prepared to think creatively about how a new operating model can provide better results.

Entrepreneurship

There may be opportunities for the City to engage in business like activities that would generate income to support services. We have all been pleased with the success of the recreation membership model that is leading to improved financial results. But even that "business" requires constant attention, and must be prepared to make decisions about service offerings and facilities to meet customer needs especially in a challenging economic climate.

A year ago, we presented an opportunity for the City to participate in the significant income stream generated by police initiated tows of private vehicles. The Council declined to move forward with the suggested franchise approach which would have simply increased City revenue. However, we believe there are opportunities for the City itself to provide the vehicle storage facility and keep the net revenue available.

Reorganization

Our former Director of Human Resources liked to remind everyone that "every position vacancy that occurs is an opportunity to evaluate whether the work can be more efficiently organized."

Her recent retirement and the resignation of the Finance Director now provide an opportunity to again evaluate a possible "Administrative Services Department." Several city departments provide both internal services and services to customers by processing transactions: accounts payable and receivable, utility billing, public records act requests, agendas and minutes, payroll, recruitment and training, computer hardware and software maintenance. Other activities provided by those departments include management functions such as planning, organizing, budgeting, monitoring performance and ensuring accountability. Several years ago, the Council considered a study analyzing a consolidation of administrative services and concluded that the potential savings did not warrant the diminution in service levels. However, the new challenge is how to best organize those functions and provide administrative leadership in an era of lower service levels.

As individual employees make choices about their future there may be additional vacancies that will trigger opportunities for reorganization. Certainly smaller crews and work teams will also generate reorganization possibilities throughout the organization.

Co Production and Demand Management

In the light of the City's financial condition, City government is not in a position to provide a taxpayer financed solution to every community problem. An immediate example is the recommendation to limit funding for community special events to the costs of police and public works staff only. It will be necessary for the community to generate the resources for the events themselves such as parades and fireworks demonstrations.

Some private business activities generate a disproportionate need for city services. Bars and nightclubs often attract clientele that cause problems after hours that generate calls for police services. Fast food restaurants and convenience stores generate more trash that litters the public streets; grocery stores provide shopping carts that end up on the streets and in creeks.

We should explore ways to reduce the demand for services, and to shift responsibility from taxpayers to the business themselves.

Similarly, individuals and neighborhoods can improve their quality of life and security through active involvement.

Economic Development

The formula for City discretionary revenues is

Revenue = Economic Activity X State Imposed Tax Rates

We have little impact on the formulas established by the State and little impact on the regional economy, but the City can take some steps to improve our competitiveness within the region to take advantage of new private investment when the recession ends.

One step is to improve accessibility and connection to the region by improving the transportation system. The Redevelopment Agency has committed to extending Butterfield Boulevard to the north and south. This project will not only provide jobs to help spur the construction sector, but it will open up new land for development. The project is currently "on hold" pending the completion of the transportation modeling studies to determine if the ultimate facility should be four or six lanes. If we are willing to take the risk that the bridge over the railroad should be six lanes in any event, we can get that project moving again.

The improvements to the Tennant Avenue/101 Interchange will improve Morgan Hill's connections to the region and open up land in the Southeast Quadrant for development. The project design is nearly complete and can be bid out soon. Half the costs were to come from the

RDA and half from the VTA. We have submitted this project for consideration as part of a national economic stimulus package.

The completion of the Santa Teresa Boulevard would improve regional accessibility and move cut through traffic from existing neighborhoods to a new facility separated from other existing neighborhoods. Resources have been allocated for the project which are restricted to infrastructure and redevelopment purposes. The project is "on hold" pending the completion of the transportation modeling study and environmental review to determine whether the ultimate facility should be a four lane road, or a two lane road with extensive landscaping and bike and pedestrian paths.

Understanding the City's economic competitiveness within the region requires an analysis of several factors: raw land value; transportation access for employees, suppliers and customers; cost of city processing (time and money); availability of qualified workforce; availability of buildings and facilities suitable for a variety of investors' needs. The Development Services Center will give Morgan Hill a competitive advantage for dealing with new investment because it brings faster processing times and a new results oriented focus.

A remaining "b Λ te noire" is the cost of city impact fees and processing. In a growing community, needed infrastructure is either provided by developers or by taxpayers. Morgan Hill has chosen a system of impact fees that imposes the community costs of development on developers. As a result, City fees will always be higher than in a fully developed community. In fact, we rely to a great degree on continued growth and payment of fees to support services and facilities enjoyed by the entire community. For example, the maintenance of Parks is partially financed by voluntary payments by home builders. Impact fees also help pay for debt service on the Library and Police Headquarters.

Fees can be reduced if the community is willing to pay for the cost of mitigating the impact of growth or is willing to accept unmitigated impacts such as traffic congestion. Similarly, costs of development can be reduced if the community is willing to accept different development standards. Morgan Hill is a special community that has enjoyed high development standards. Should they be revised in order to spur growth?

Community Conversation

The severely deteriorating economy may give cause for a renewed community conversation about the balance between expected service levels and how to pay for them. During the year long Community Conversation of 2006 we heard loud and clear that citizens and taxpayers were not willing to pay more for simply maintaining the status quo.

With Measure G, we heard even more clearly that voters are not willing to pay for enhancements to city services even if those enhancements are to public safety.

Now we are about to embark on a reduction in services to a level that can be financially sustained given reasonable assumptions about the future. The Council may wish to consider a civic engagement process to facilitate conversations about how to recalibrate.

Next Steps

We recommend that the Council review the recommendations and issues presented in this report, and provide such general guidance at this time as possible.

On Tuesday, December 9 at 7pm the City Manager and staff will conduct a public workshop at the Community and Cultural Center for the purpose of presenting the Recommended Budget Strategy and to answer community questions about services, costs and revenue.

On Wednesday, December 10, the City Council will conduct a workshop for councilmembers to explore the recommendations, ask questions, and pose alternatives for additional study.

On Wednesday, December 17, the City Council will conduct a public hearing for the community to comment on the recommendations and other alternatives to address the need for budget reductions. Council will be asked to consider recommendations regarding early retirement incentives and to confirm no management compensation increases for FY 10.

On January 14, 2009 the Council will be asked to provide final approval and direction for a Budget Reduction Strategy. Included will be recommendations for employee assistance during the transition.

BASE

FUND BALANCE PROJECTIONS FOR THE GENERAL FUND, COMMUNITY DEVELOPMENT, STREET, AND ENVIRONM FUNDS FOR FISCAL YEARS 2007/08 THROUGH 2012/13

GF, CD, ENV, Street Funds	2007/08 Actual	2008/09 Rev Budget	2008/09 Projected	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
Beginning Balance	13,664,578	12,517,562	13,057,505	9,621,344	6,080,714	3,714,198	1,802,471
Revenues & Trnfrs In	29,925,406	30,695,534	28,456,938	29,093,042	31,486,033	33,305,817	34,861,813
Exps/Trnsfers Out	(30,532,479)	(32,163,738)	(31,893,100)	(32,633,672)	(33,852,549)	(35,217,543)	(36,731,664)
Ending Balance	13,057,505	11,049,358	9,621,344	6,080,714	3,714,198	1,802,471	(67,380)
Operating margin:	(607,074)	(1,468,204)	(3,436,161)	(3,540,629)	(2,366,517)	(1,911,726)	(1,869,852)
Fund Balance / Revenues (%)	44%	36%	34%	21%	12%	5%	0%
General Fund Family - GF, Streets,	2007/08	2008/09 Rev	2008/09	2009/10	2010/11	2011/12	2012/13
Enviro. Programs	Actual	Budget	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	11,314,146	10,991,630	11,461,154	9,653,979	7,289,292	5,201,767	3,268,939
Revenues & Trnfrs In	27,287,175	28,438,062	26,992,275	27,229,752	28,619,773	30,026,762	31,355,673
Exps/Trnsfers Out	(27,140,167)	(28,886,122)	(28,799,450)	(29,594,440)	(30,707,298)	(31,959,590)	(33,361,843)
Ending Balance	11,461,154	10,543,570	9,653,979	7,289,292	5,201,767	3,268,939	1,262,769
Operating margin:	147,007	(448,060)	(1,807,175)	(2,364,687)	(2,087,525)	(1,932,828)	(2,006,170)
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	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
General Fund	Actual	Rev Budget	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	10,388,616	10,373,311	10,768,159	9,398,056	7,564,237	6,052,580	4,739,148
Revenues & Trnfrs In	25,271,757	26,153,570	24,775,352	25,304,230	26,664,636	28,041,141	29,338,669
Exps/Trnsfers Out	(24,892,214)	(26,218,073)	(26,145,456)	(27,138,049)	(28,176,293)	(29,354,572)	(30,678,154)
Ending Balance	10,768,159	10,308,807	9,398,056	7,564,237	6,052,580	4,739,148	3,399,663
Operating margin:	379,543	(64,504)	(1,370,103)	(1,833,819)	(1,511,657)	(1,313,432)	(1,339,485)

Street Fund	2007/08 Actual	2008/09 Rev Budget	2008/09 Projected	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
Beginning Balance	98,407	3,537	6,950	41,587	(191,305)	(461,569)	(772,425)
Revenues & Trnfrs In	1,542,296	1,712,158	1,723,485	1,511,981	1,527,104	1,542,532	1,558,272
Exps/Trnsfers Out	(1,633,753)	(1,690,682)	(1,688,848)	(1,744,874)	(1,797,367)	(1,853,388)	(1,911,203)
Ending Balance	6,950	25,013	41,587	(191,305)	(461,569)	(772,425)	(1,125,356)
Operating margin:	(91,458)	21,476	34,637	(232,892)	(270,263)	(310,856)	(352,932)
Fundamental December Fund	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Environmental Programs Fund	Actual	Revised	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	827,123	614,782	686,045	214,336	(83,640)	(389,244)	(697,785)
Revenues & Trnfrs In	473,122	572,334	493,438	413,542	428,033	443,089	458,732
Exps/Trnsfers Out	(614,200)	(977,366)	(965,147)	(711,517)	(733,638)	(751,629)	(772,486)
Ending Balance	686,045	209,750	214,336	(83,640)	(389,244)	(697,785)	(1,011,538)
Operating margin:	(141,079)	(405,032)	(471,709)	(297,976)	(305,605)	(308,540)	(313,753)
Community Development Fund	2007/08 Actual	2008/09 Revised	2008/09 Projected	2009/10 Forecast	2010/11 Forecast	20011/12 Forecast	20012/13 Forecast
Beginning Balance	2,350,432	1,525,932	1,596,351	(32,635)	(1,208,578)	(1,487,569)	(1,466,468)
Revenues & Trnfrs In	2,638,231	2,257,472	1,464,663	1,863,290	2,866,260	3,279,055	3,506,140
Exps/Trnsfers Out	(3,392,312)	(3,277,615)	(3,093,649)	(3,039,232)	(3,145,252)	(3,257,954)	(3,369,822)
Ending Balance	1,596,351	505,788	(32,635)	(1,208,578)	(1,487,569)	(1,466,468)	(1,330,149)
Operating margin:	(754,082)	(1,020,144)	(1,628,986)	(1,175,942)	(278,992)	21,101	136,318

ENTAL

Recommended Budget Reduction Strategy

FUND BALANCE PROJECTIONS FOR THE GENERAL FUND, COMMUNITY DEVELOPMENT, STREET, AND ENVIRONMENTAL FUNDS FOR FISCAL YEARS 2007/08 THROUGH 2012/13

GF, Streets, Envir. Programs,	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Com. Development	Actual	Rev Budget	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	13,649,273	12,517,562	13,042,200	10,082,721	8,614,094	8,410,080	8,640,687
Revenues & Trnfrs In	29,925,406	30,695,534	28,456,938	29,171,867	31,532,157	33,371,941	34,951,937
Exps/Trnsfers Out	(30,532,479)	(32,163,738)	(31,416,418)	(30,640,494)	(31,736,172)	(33,141,334)	(34,666,142)
Ending Balance	13,042,200	11,049,358	10,082,721	8,614,094	8,410,080	8,640,687	8,926,483
Operating margin:	(607,074)	(1,468,204)	(2,959,479)	(1,468,627)	(204,014)	230,607	285,795
General Fund Family - GF,	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Streets, Envir. Programs	Actual	Rev Budget	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	11,298,841	10,991,630	11,445,849	9,915,992	9,227,920	8,895,647	8,787,852
Revenues & Trnfrs In	27,287,175	28,438,062	26,992,275	27,308,577	28,665,897	30,092,886	31,445,797
Exps/Trnsfers Out	(27,140,167)	(28,886,122)	(28,522,132)	(27,996,649)	(28,998,170)	(30,200,681)	(31,498,480)
Ending Balance	11,445,849	10,543,570	9,915,992	9,227,920	8,895,647	8,787,852	8,735,169
Operating margin:	147,007	(448,060)	(1,529,857)	(688,072)	(332,272)	(107,795)	(52,683)
General Fund	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
	Actual	Rev Budget	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	10,373,311	10,373,311	<i>10,752,854</i>	9,511,684	9,002,010	8,882,563	9,020,007
Revenues & Trnfrs In	<i>25,271,757</i>	<i>26,153,570</i>	<i>24,775,352</i>	<i>25,383,054</i>	26,710,760	<i>28,107,265</i>	29,428,793
Exps/Trnsfers Out	(24,892,214)	(26,218,073)	(26,016,523)	(25,892,728)	(26,830,207)	(27,969,822)	(29,200,349)
Ending Balance	10,752,854	10,308,807	9,511,684	9,002,010	8,882,563	9,020,007	9,248,451
Operating margin:	379,543	(64,504)	(1,241,170)	(509,673)	(119,447)	137,444	228,444

Street Fund	2007/08 Actual	2008/09 Rev Budget	2008/09 Projected	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
Beginning Balance	98,407	3,537	6,950	<i>57,510</i>	83	(89,451)	(213,989)
Revenues & Trnfrs In	1,542,296	1,712,158	1,723,485	1,511,981	1,527,104	1,542,532	1,558,272
Exps/Trnsfers Out	(1,633,753)	(1,690,682)	(1,672,925)	(1,569,408)	(1,616,638)	(1,667,069)	(1,719,120)
Ending Balance	6,950	25,013	57,510	83	(89,451)	(213,989)	(374,836)
Operating margin:	(91,458)	21,476	50,560	(57,427)	(89,534)	(124,537)	(160,848)
	2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Environmental Programs Fund	Actual	Revised	Projected	Forecast	Forecast	Forecast	Forecast
Beginning Balance	827,123	614,782	686,045	346,798	225,826	<i>102,535</i>	(18,166)
Revenues & Trnfrs In	473,122	572,334	493,438	413,542	428,033	443,089	458,732
Exps/Trnsfers Out	(614,200)	(977,366)	(832,685)	(534,514)	(551,324)	(563,791)	(579,012)
Ending Balance	686,045	209,750	346,798	225,826	102,535	(18,166)	(138,445)
Operating margin:	(141,079)	(405,032)	(339,247)	(120,972)	(123,291)	(120,701)	(120,279)
Community Development Fund	2007/08 Actual	2008/09 Revised	2008/09 Projected	2009/10 Forecast	2010/11 Forecast	20011/12 Forecast	20012/13 Forecast
Beginning Balance	2,350,432	1,525,932	1,596,351	166,729	(613,826)	(485,568)	(147,165)
Revenues & Trnfrs In	2,638,231	2,257,472	1,464,663	1,863,290	2,866,260	3,279,055	3,506,140
Exps/Trnsfers Out	(3,392,312)	(3,277,615)	(2,894,285)	(2,643,844)	(2,738,002)	(2,940,653)	(3,167,662)
Ending Balance	1,596,351	505,788	166,729	(613,826)	(485,568)	(147,165)	191,313
Operating margin:	(754,082)	(1,020,144)	(1,429,622)	(780,554)	128,258	338,402	338,478

11/26/08 4:23 A	м Recommended	Budget Reduction Strategy		5	FY 08/09				
	F (/)	5	Effective	Position	Fiscal	EV 00/40	EV 40/44	EV 44/40	EV 40/40
Item #	Fund(s)	Description Eliminate .5 FTE Office Assist. II in Council Services/Records	Date	+/-	Impact	FY 09/10	FY 10/11	FY 11/12	FY 12/13
1	General Fund		0/4/0000	(0.50)	10 700	20.047	A1 FF1	42.210	44.220
I	(CSRM) General Fund	Management	3/1/2009	(0.50)	12,789	39,847	41,551	43,210	44,239
2	(CSRM)	Reduce MSA in City Clerk to .75 FTE	3/1/2009	(0.25)	6,563	20,355	21,055	21,699	21,941
	General Fund	Eliminate Council Services Records Manager/Add Deputy City				·			·
3	(CSRM)	Clerk	7/1/2009			43,586	44,894	46,240	47,628
	General Fund								
4	(Com. Market)	Reduce City Connections Frequency	1/1/2009		11,500	23,000	23,690	24,401	25,133
	General Fund								
5	(Com Prom.)	Reduce Community Pro. 50%	1/1/2009		22,800	23,484	24,189	24,914	25,662
	General Fund								
6	(HR)	Reduce HR PT Temp by \$20,000 Annually	3/1/2009		8,000	20,000	20,600	21,218	21,855
	General Fund								
7	(HR)	Reduce HR Assistant by .25 FTE	3/1/2009	(0.25)	6,119	18,908	19,475	20,059	20,661
	General Fund	Eliminate Human Resources Director/Add Senior HR							
8	(HR)	Coordinator ¹	7/1/2009			93,977	96,796	99,700	102,691
	General Fund	2							
9	(Finance)	Eliminate .75 FTE Accounting Assist. 2	7/1/2009	(0.75)		58,967	61,507	63,987	66,712
	General Fund								
10	(Park Maint.)	Reduce Watering	7/1/2009			20,000	20,600	21,218	21,855
44	General Fund	T ((D M) E				100.000	100.000	100.000	100.000
11	(Park Maint.)	Increase Transfer from Park Maintenance Fund	7/1/2009			100,000	100,000	100,000	100,000
12	General Fund (Park Maint.)	Eliminate 1.0 FTE Groundskeeper/Add Funding for PT Temp	2/4/2000	(4.00)	14,472	44,718	46,531	48,179	47,509
IZ	General Fund	Eliminate 1.0 FTE Groundskeepen/Add Funding for FT Temp	3/1/2009	(1.00)	14,472	44,710	40,331	40,179	47,309
13	(RCSD)	Eliminate 1.0 FTE Custodian/Add Funding for PT Temp	3/1/2009	(1.00)	19,255	59,796	61,590	63,438	65,341
	General Fund	gp	0, 1, 200	(1100)	,	0.7	- 1,751.5	337.00	20/211
14	(RCSD)	Eliminate 2.0 FTE Rec Coordinators	3/1/2009	(2.00)	61,720	190,714	197,132	203,001	204,943
	General Fund								
15	(RCSD)	Eliminate CS/Planning Manager	3/1/2009	(1.00)	33,843	116,195	121,431	126,083	127,113
	General Fund								
16	(PD)	Eliminate 1.0 FTE Police Officer ²	3/1/2009	(1.00)		137,204	142,962	152,682	154,353
	General Fund						_		
17	(PD)	Eliminate 1.0 FTE Police Officer/Add 1.0 FTE MSO	7/1/2009			33,513	34,721	40,832	40,402

11/26/08 4:23 A	м Recommended	Budget Reduction Strategy	E66 15 1	Danitian	FY 08/09				
Item #	Fund(s)	Description	Effective Date	Position +/-	Fiscal Impact	FY 09/10	FY 10/11	FY 11/12	FY 12/13
	General Fund				·				
18	(PD) General Fund	Eliminate 1.0 FTE Police Officer/Add 1.0 FTE MSO	7/1/2010				34,721	40,832	40,402
19	(PD)	Eliminate .5 FTE Management Analyst	3/1/2009	(0.50)	18,316	54,949	56,947	58,815	59,651
20	General Fund (Fire)	Contract Savings of \$50,000	7/1/2009			50,000	50,000	50,000	50,000
21	Streets Fund	Eliminate Maint. Worker/Add Funding for PT-Temp	3/1/2009	(1.00)	15,923	49,023	50,494	52,009	53,569
22	Streets Fund	Turn off Streetlights	7/1/2009			115,000	150,000	154,500	159,135
23	Env. Program Fund	Eliminate 1.0 FTE Env. Programs Coordinator	3/1/2009	(1.00)	32,462	100,308	104,127	107,745	109,416
24	Env. Program Fund	Reduce Contract Amounts	1/1/2009	(1100)	100,000	120,000	120,000	120,000	120,000
24	Fullu	Reduce Contract Amounts	1/1/2009		100,000	120,000	120,000	120,000	120,000
25	CDD	Eliminate 1.0 FTE Admin Secretary	3/1/2009	(1.00)	29,877	92,320	95,741	98,957	100,476
26	CDD	Eliminate 2.0 FTE Building Inspectors	3/1/2009	(2.00)	68,305	204,916	211,150	216,666	217,940
27	CDD	Eliminate 1.0 FTE Senior Building Inspector/Facilities Manager	3/1/2009	(1.00)	58,103	179,539	184,925	190,473	196,187
28	CDD	Add Deputy Building Official	1/1/2009	1.00	-87,155	-179,539	-184,925	-190,473	-196,187
29	CDD	Add Senior Building Inspector	1/1/2009	1.00	-54,518	-112,308	-115,677	-119,148	-122,722
30	CDD	Eliminate 1.0 FTE Assistant Planner	3/1/2009	(1.00)	31,215	96,454	99,662	102,586	103,692
31	CDD	Re-assign Code Enforce. Off. From .75 CD to .25 CD and .5 Housing	1/1/2009		28,770	59,609	61,799	63,882	64,990
32	CDD	Assign .40 FTE Assoc. Planner to IS for FY 08/09	1/1/2009		45,943				
33	CDD	Assign .1 FTE Snr. Bldg Insp./Fac. Mgr to RDA	7/1/2008		15,216	15,749	16,311	16,835	17,041
34	CDD	.40 FTE OA II to RDA	1/1/2009		12,904	26,194	27,156	28,059	28,471

11/26/08 4:23 A	м Recommende	d Budget Reduction Strategy	Title at it to	Docition	FY 08/09				
Item #	Fund(s)	Description	Effective Date	Position +/-	Fiscal Impact	FY 09/10	FY 10/11	FY 11/12	FY 12/13
35	CDD	Eliminate .5 FTE Custodian at the Development Services	4/4/2000	(0.50)	0.440	17,309	17,828	10 242	10 014
30	CDD	Center/Add Funding for Contract Services	1/1/2009	(0.50)	8,648	17,309	17,020	18,363	18,914
36	CDD	Add Assistant Planner	7/1/2011	1.00				-102,586	-103,692
37	CDD	Add Assistant Engineer	7/1/2012	1.00					-124,660
38	All Funds	Eliminate 3% Management Increase in FY 09/10	7/1/2009			139,358	139,358	139,358	139,358
39	All Funds	Reduction in Negotiated Labor Costs	7/1/2009			150,000	150,000	150,000	150,000
		Totals		(11.75)	521,070	2,223,145	2,348,340	2,317,735	2,220,017
		General Fund Amounts Street Fund Amounts			215,377 15,923	1,149,213 164,023	1,220,391	1,270,509	1,288,089
		Environmental Programs Amounts			132,462	220,308	224,127	227,745	229,416
		Community Development Amounts			157,308	400,243	413,970	323,614	200,450
		Management Savings			0	139,358	139,358	139,358	139,358
		Labor Cost Savings			0	150,000	150,000	150,000	150,000
		Balanced Totals			521,070	2,223,145	2,348,340	2,317,735	2,220,017

¹ In FY 08/09, the Human Resources Director position was vacated and under filled with a Senior Human Resources Coordinator, thus position savings are not shown as part of the budget reduction strategy. Effective 7/1/2009 the HR Director is recommended to be permanently eliminated, thus position savings are reflected in FY's 09/10 through FY 12/13

² In FY 08/09, this position was vacated and not filled, thus position savings are not shown as part of the budget reduction strategy. Savings for FY 08/09 are accounted for in the current year operating budget. Effective 7/1/2009 the Accounting Assistant is recommended to be permanently eliminated, thus position savings are reflected in FY's 09/10 through FY 12/13

General Fund Forecast FY 08/09 - FY 12/13 (Dollars in \$1,000,000's)

	FY	07/08	FY	08/09	FY	09/10	FY	10/11	FY	11/12	FY	12/13
Beginning Fund Balance	\$	10.4	\$	10.8	\$	9.4	\$	7.6	\$	6.1	\$	4.8
Add: Revenues	\$	25.3	\$	24.8	\$	25.3	\$	26.7	\$	28.0	\$	29.3
Less: Expenditures	\$	(24.9)	\$	(26.1)	\$	(27.1)	\$	(28.2)	\$	(29.4)	\$	(30.7)
Ending Fund Balance	\$	10.8	\$	9.4	\$	7.6	\$	6.1	\$	4.8	\$	3.4
Operating Margin	\$	0.4	\$	(1.4)	\$	(1.8)	\$	(1.5)	\$	(1.3)	\$	(1.3)

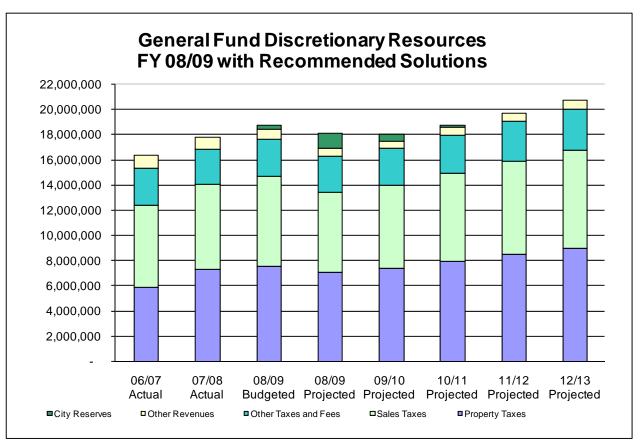
Combined Funds Forecast

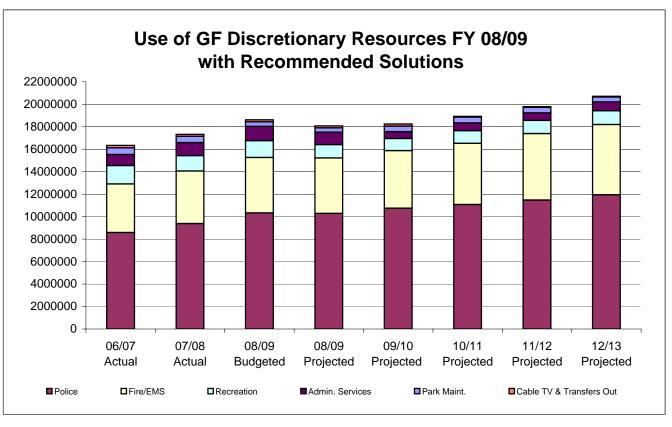
General, Community Development, Street Maint., and Environmental Programs (Dollars in \$1,000,000's)

	FY	07/08	FY	08/09	FY	09/10	FY	10/11	FY	11/12	FY	12/13
Beginning Fund Balance	\$	13.7	\$	13.1	\$	9.7	\$	6.1	\$	3.8	\$	1.8
Add: Revenues	\$	29.9	\$	28.5	\$	29.1	\$	31.5	\$	33.3	\$	34.9
Less: Expenditures	\$	(30.5)	\$	(31.9)	\$	(32.6)	\$	(33.9)	\$	(35.2)	\$	(36.7)
Ending Fund Balance	\$	13.1	\$	9.7	\$	6.1	\$	3.8	\$	1.8	\$	(0.0)
Operating Margin	\$	(0.6)	\$	(3.4)	\$	(3.5)	\$	(2.4)	\$	(1.9)	\$	(1.9)

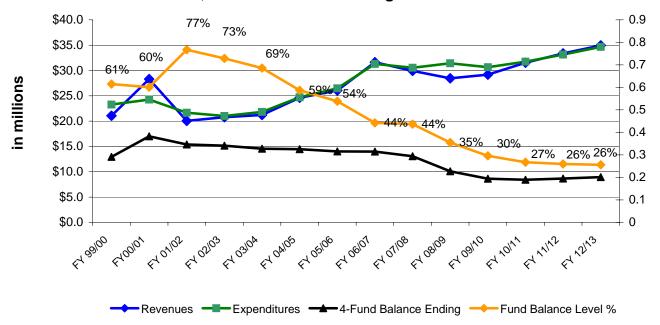
General Fund Forecast - FY 08/09 with Recommended Solutions (Dollars in \$1,000,000's)

	FY	07/08	FY	08/09	FY	09/10	FY	10/11	FY	11/12	FY	12/13
Beginning Fund Balance	\$	10.4	\$	10.8	\$	9.6	\$	9.0	\$	8.9	\$	9.1
Add: Revenues	\$	25.3	\$	24.8	\$	25.4	\$	26.7	\$	28.1	\$	29.4
Less: Expenditures	\$	(24.9)	\$	(26.0)	\$	(25.9)	\$	(26.8)	\$	(28.0)	\$	(29.2)
Ending Fund Balance	\$	10.8	\$	9.6	\$	9.0	\$	8.9	\$	9.1	\$	9.3
Operating Margin	\$	0.4	\$	(1.2)	\$	(0.5)	\$	(0.1)	\$	0.1	\$	0.2

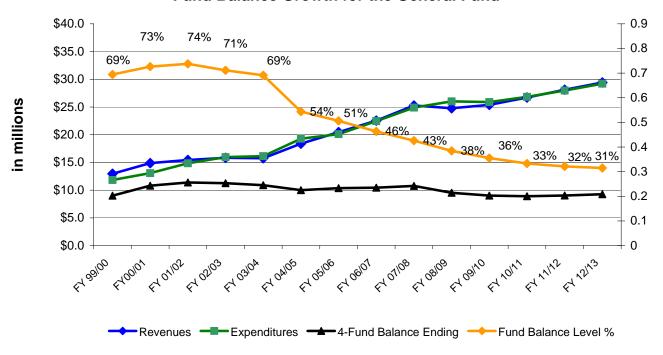




Fund Balance Growth for the General, Community Development, Streets, and Environmental Programs Funds



Fund Balance Growth for the General Fund



Proposed Current Staffing Reductions - Restructuring (Filled vs. Unfilled Positions)

	Vacant Positions	Department	FTE		Filled Positions	Department	FTE
1	Municipal Service Officer (1.0 FTE)	City Clerk	0.25	1	Office Assistant II	Clerk	0.50
2	Accounting Assistant	Finance	0.75	2	Council Services & Records Mananger	CDD	1.00
3	Police Officer	Police	1.00	3	Human Resources Asst.	Human Resources	0.25
4	Custodian	DSC	0.50	4	Groundskeeper	Public Works	1.00
5	Chief Building Official	CDD	1.00	5	Maintenance Worker I	Public Works	1.00
6	Senior Planner	CDD	1.00	6	Custodian	Recreation	1.00
7	Development Services Technician	CDD	1.00	7	Recreation Coordinator	Recreation	1.00
8	Police Officer (FY09/10)	Police	1.00	8	Recreation Coordinator	Recreation	1.00
				9	Recreation & Community Services Mgr.	Recreation	1.00
				10	Management Analyst (Grant)	Police	0.50
				11	Environmental Programs Coordinator	Public Works	1.00
				12	Department Secretary	CDD	1.00
				13	Building Inspector	CDD	1.00
				14	Building Inspector	CDD	1.00
				15	Assistant Planner	CDD	1.00
				16	Sr. Building Inspector/Facilities Manager	CDD	1.00
				17	Police Officer (FY10/11)	Police	1.00
		Subtotal	6.50			Subtotal	15.25
	(Refilled at new Level)				(Refilled at new Level)		
1	Multi-Service Officer (FY 09/10)		(1.00)	1	Deputy City Clerk		(1.00)
	,			2	Sr. Building Inspector		(1.00)
				3	Deputy Building Official (Reclassify Sr. Bl.	[/] Fac. Mgr.)	(1.00)
				4	Multi-Service Officer (FY 10/11)	- '	(1.00)
		Subtotal	(1.00)			Subtotal	(4.00)
		TOTAL	5.5			TOTAL	11.25

Job Classification	FY 08/09 Budgeted	FY 08/09 Reductions	FY 09/10	FY 10/11	FY 11/12	FY 12/13
City Clerk/CSRM	1.000	1.000	-	_	_	-
Deputy City Clerk	-	-	1.000	1.000	1.000	1.000
Municipal Services Assistant	1.000	0.750	0.750	0.750	0.750	0.750
Records Imaging Technician (OA II)	1.000	1.000	1.000	1.000	1.000	1.000
Office Assistant I/II	1.500	1.000	1.000	1.000	1.000	1.000
City Clerk (General Fund)	4.500	3.750	3.750	3.750	3.750	3.750
City Attorney (0.12 is RDA Funded)	0.880	0.880	0.880	0.880	0.880	0.880
Secretary to the City Attorney	1.000	1.000	1.000	1.000	1.000	1.000
City Attorney (General Fund)	1.880	1.880	1.880	1.880	1.880	1.880
Assistant to the City Manager	1.000	1.000	1.000	1.000	1.000	1.000
City Manager (0.5 is RDA Funded)	0.500	0.500	0.500	0.500	0.500	0.500
Secretary to the City Manager (0.5 is RDA Funded)	0.500	0.500	0.500	0.500	0.500	0.500
City Manager (General Fund)	2.000	2.000	2.000	2.000	2.000	2.000
Director of Recreation & Community Services	1.000	1.000	1.000	1.000	1.000	1.000
Recreation Manager	1.000	1.000	1.000	1.000	1.000	1.000
Community Services & Planning Manager	1.000	-	-	-	-	-
Recreation Supervisor	1.000	1.000	1.000	1.000	1.000	1.000
Recreation Services Coordinator	7.000	5.000	5.000	5.000	5.000	5.000
Municipal Services Assistant	1.000	1.000	1.000	1.000	1.000	1.000
Administrative Analyst	1.000	1.000	1.000	1.000	1.000	1.000
Office Assistant II	1.000	1.000	1.000	1.000	1.000	1.000
Custodian	1.500	0.500	0.500	0.500	0.500	0.500
Facilities Maintenance Specialist	3.000	3.000	3.000	3.000	3.000	3.000
Recreation & Community Services Department	18.500	14.500	14.500	14.500	14.500	14.500
Senior Human Resources Coordinator	2.000	2.000	2.000	2.000	2.000	2.000
PT Human Resources Assistant	0.500	0.750	0.500	0.500	0.500	0.500
Human Resources (General Fund)	2.500	2.500	2.500	2.500	2.500	2.500
Information Services Manager	1.000	1.000	1.000	1.000	1.000	1.000
Information Services Technician	2.000	2.000	2.000	2.000	2.000	2.000
Information Systems (General Fund)	3.000	3.000	3.000	3.000	3.000	3.000

	FY 08/09	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Job Classification	Budgeted	Reductions				
Accountant I	2.000	2.000	2.000	2.000	2.000	2.000
Accounting Assistant I/II	2.000	1.250	1.250	1.250	1.250	1.250
Accounting Technician	1.000	1.000	1.000	1.000	1.000	1.000
Assistant Finance Director (0.35 FTE UB)	0.650	0.650	0.650	0.650	0.650	0.650
Budget Manager	1.000	1.000	1.000	1.000	1.000	1.000
Finance Director (0.20 FTE UB)	0.800	0.800	0.800	0.800	0.800	0.800
Finance (General Fund)	7.450	6.700	6.700	6.700	6.700	6.700
Police Chief	1.000	1.000	1.000	1.000	1.000	1.000
Police Commander	2.000	2.000	2.000	2.000	2.000	2.000
Police Corporal	4.000	4.000	4.000	4.000	4.000	4.000
Police Officer *	24.000	23.000	22.000	21.000	21.000	21.000
Police Sergeant	5.000	5.000	5.000	5.000	5.000	5.000
Multi-Service Officer	2.000	2.000	3.000	4.000	4.000	4.000
Administrative Secretary	1.000	1.000	1.000	1.000	1.000	1.000
Management/Administrative Analyst	1.000	0.500	0.500	0.500	0.500	0.500
OES Coordinator	1.000	1.000	1.000	1.000	1.000	1.000
Police Records Specialist	3.500	3.500	3.500	3.500	3.500	3.500
Police Support Services Manager	1.000	1.000	1.000	1.000	1.000	1.000
Property Evidence Technician	1.000	1.000	1.000	1.000	1.000	1.000
Public Safety Dispatch Supervisor	1.000	1.000	1.000	1.000	1.000	1.000
Public Safety Dispatcher	9.000	9.000	9.000	9.000	9.000	9.000
Community Service Officer	0.960	0.960	0.960	0.960	0.960	0.960
Animal Control Officer	1.000	1.000	1.000	1.000	1.000	1.000
Police Department (General Fund)	58.460	56.960	56.960	56.960	56.960	56.960
* Additional Staffing - 2 RDA PO's, .5 Records & 1 Gran	nt funded PO					
Deputy Director of Public Works	0.100	0.100	0.100	0.100	0.100	0.100
Groundskeeper	2.000	2.000	1.000	1.000	1.000	1.000
Maintenance Supervisor	0.450	0.450	0.450	0.450	0.450	0.450
Maintenance Worker I/II	1.970	1.970	1.970	1.970	1.970	1.970
Management/Administrative Analyst	0.150	0.150	0.150	0.150	0.150	0.150
Municipal Services Assistant	0.070	0.070	0.070	0.070	0.070	0.070
Office Assistant I/II	0.050	0.050	0.050	0.050	0.050	0.050
Public Works Director	0.020	0.020	0.020	0.020	0.020	0.020
Admin Secretary	0.050	0.050	0.050	0.050	0.050	0.050
Senior Maintenance Worker	0.950	0.950	0.950	0.950	0.950	0.950
Park Maintenance (General Fund)	5.810	5.810 29	4.810	4.810	4.810	4.810

29

Job Classification	FY 08/09 Budgeted	FY 08/09 Reductions	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Administrative Secretary	0.050	0.050	0.050	0.050	0.050	0.050
Deputy Director of Public Works	0.200	0.200	0.200	0.200	0.200	0.200
Engineering Aide I/II	0.080	0.080	0.080	0.080	0.080	0.080
Maintenance Supervisor	0.500	0.500	0.500	0.500	0.500	0.500
Maintenance Worker I/II	4.000	4.000	3.000	3.000	3.000	3.000
Management/Administrative Analyst	0.250	0.250	0.250	0.250	0.250	0.250
Municipal Services Assistant	0.120	0.120	0.120	0.120	0.120	0.120
Office Assistant I/II	0.200	0.200	0.200	0.200	0.200	0.200
Public Works Director	0.090	0.090	0.090	0.090	0.090	0.090
Public Works Inspector	0.030	0.030	0.030	0.030	0.030	0.030
Senior Maintenance Worker	1.000	1.000	1.000	1.000	1.000	1.000
Street Maintenance (Streets Fund)	6.520	6.520	5.520	5.520	5.520	5.520
Administrative Secretary	0.900	-	-	-	-	-
Assistant Planner	1.000	-	-	-	1.000	1.000
Associate Planner (0.4 FTE to IS for 1 year)	0.800	0.400	0.800	0.800	0.800	0.800
Deputy BuildingOfficial (0.1 to RDA /0.23 FTE Facil)	-	0.670	0.670	0.670	0.670	0.670
Senior Building Inspector/Fac. Mgr.	0.770	-	-	-	-	-
Senior Building Inspector	-	1.000	1.000	1.000	1.000	1.000
Building Inspector	2.000	-	-	-	1.000	1.000
Code Enforcement Officer	0.750	0.250	0.250	0.250	0.250	0.250
Community Development Director	0.350	0.350	0.350	0.350	0.350	0.350
Chief Building Official	0.900	-	-	-	-	-
Community Service Officer	0.040	0.040	0.040	0.040	0.040	0.040
Municipal Services Assistant	0.850	0.850	0.850	0.850	0.850	0.850
Office Assistant I/II (0.4 FTE to RDA)	1.000	0.600	0.600	0.600	0.600	0.600
Planning Manager	0.450	0.450	0.450	0.450	0.450	0.450
Development Services Technician	2.900	1.900	1.900	1.900	1.900	1.900
Senior Planner	1.990	1.450	1.450	1.450	1.450	1.450
Community Development (CDD Fund)	14.700	7.960	8.360	8.360	10.360	10.360
Environmental Services Coordinator	1.000	-	-	-	-	-
Municipal Services Assistant	0.410	0.410	0.410	0.410	0.410	0.410
Planning Manager	0.050	0.050	0.050	0.050	0.050	0.050
Senior Planner	0.100	0.100	0.100	0.100	0.100	0.100
Program Administrator	0.700	0.700	0.700	0.700	0.700	0.700
Environmental Programs (EP Fund)	2.260	1.260 30	1.260	1.260	1.260	1.260

Date Time Printed: 12/8/2008 9:01 AM

Job Classification	FY 08/09 Budgeted	FY 08/09 Reductions	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Administrative Secretary	0.200	0.200	0.200	0.200	0.200	0.200
Assistant Engineer	0.050	0.500	0.500	0.500	0.500	1.500
Associate Engineer	0.650	0.050	0.050	0.050	0.050	0.050
Deputy Director of Public Works	0.310	0.210	0.210	0.210	0.210	0.210
Engineering Aide I/II	0.750	0.550	0.550	0.550	0.550	0.550
Junior Engineer	0.850	0.100	0.100	0.100	0.100	0.100
Management/Administrative Analyst	0.220	0.100	0.100	0.100	0.100	0.100
Municipal Services Assistant	0.030	0.030	0.030	0.030	0.030	0.030
Office Assistant I/II	0.400	0.200	0.200	0.200	0.200	0.200
Public Works Director	0.100	0.100	0.100	0.100	0.100	0.100
Public Works Inspection Supervisor	0.250	0.100	0.100	0.100	0.100	0.100
Public Works Inspector	0.150	0.100	0.100	0.100	0.100	0.100
Senior Civil Engineer	0.050	0.450	0.450	0.450	0.450	0.450
Senior Project Manager	0.650	0.100	0.100	0.100	0.100	0.100
Senior Public Works Inspector	0.200	0.150	0.150	0.150	0.150	0.150
Engineering (CDD Fund)	4.860	2.940	2.940	2.940	2.940	3.940
Senior Building Inspector/Facilities Manager	0.230	0.230	0.230	0.230	0.230	0.230
Municipal Services Assistant	0.150	0.150	0.150	0.150	0.150	0.150
Bldg Maint Specialist	2.000	2.000	2.000	2.000	2.000	2.000
Building Maintenance - DSC	0.500	-	-	-	-	-
Building Maintenance Services (Various Funds)	2.880	2.380	2.380	2.380	2.380	2.380
Citywide	197.16	180.25	175.90	175.90	177.90	178.90



MEMORANDUM

Date: December 1, 2008

To: Ed Tewes From: Steve Rymer

Re: Recreation and Community Services Department Recommended Service

Level Reductions and Impacts

As part of our organization's efforts to reduce operational expenses, the following is the Recreation and Community Services Department's list of recommended service level reductions and associated impacts. The impacts may not always directly relate to the specific responsibilities of each position, but rather to those services that staff recommends are of lower priority to the community. Staff believes that operating the City's recreation facilities at a high level is the priority because the facilities have the highest number of customers and generate the majority (85% +/-) of the department's revenue.

This recommendation eliminates the City's goal of expanding the community services function of the department. Community services activities are not revenue generating and therefore have the most significant financial impact. From a budget standpoint, the total costs savings from these four positions needs to be reduced by \$50,000 to account for the revenue loss in some revenue generating programs and services that are proposed to be eliminated as we "do less with less."

Position	Internal Impacts	Community Impacts
Community Services &	CDBG Administration	Eliminate park acquisition
Planning Manager	transferred to BAHS	strategic planning efforts
	50 percent of department CIP	Eliminate plan to facilitate
	management transferred to	service delivery coordination
	Public Works	with Friendly Inn tenants
		Reduce level of Parks and
		Recreation Commission
		support to a quarterly basis
Recreation Coordinator (2)		Eliminate City coordination of
, ,		sports fields and park
		reservations at Community
		Park, Galvan Park, and
		Paradise Park, among others
		Eliminate all City delivered
		special events
		-Youth Triathlon
		-Art ala Carte
		-Health & Wellness Fair
		-Get Fit
		Eliminate 50 percent of
		recreation program offerings,
		to include, but not be limited
	32	to:
	32	

	Youth:
	-karate
	-gymnastics
	-ceramics
	-ballet
	-dance
	-jewelry
	-art
	-babysitting
	-drivers education
	-drama
	-tumbling
	-special interest camps
	-brunch with Santa
	Adult:
	-softball
	-soccer
	-basketball
	-self defense
	-computer
	-special interest
	Eliminate commission staff
	support
	-Senior Advisory Commission,
	-Library, Culture, and Arts
	Commission
	-Youth Advisory Committee
	Eliminate liaison and
	collaborative work with
	community organizations,
	such as South County
	Collaborative.
	Eliminate grant applications
Custodian (full-time) - CCC	Reduce level of facility
	cleaning
	Reduce level of preventative
	maintenance activities
	Reduce level of coordinated,
	system-wide maintenance
	activities
	CONTROL



CITY OF MORGAN HILL POLICE DEPARTMENT

INTEROFFICE MEMORANDUM

Date: November 26, 2008

Position

To: J. Edward Tewes, City Manager

From: Bruce Cumming, Police Chief

Subject: Police Department Recommended Service Level Reductions and Impacts

As part of our organization' efforts to reduce operational expenses, the following is the Police Department's list of recommended service level reductions and associated impacts. Some revenue losses are anticipated with these recommendations if implemented:

2008-2009

Internal Impacts

Community Impacts

1 obition	internal impacts	Community Impacts
Eliminate one (1) police officer	Minor increase in overtime. One	Reduced police patrol hours
position 39 (DV grant funded)	less officer to work patrol due to	One less officer to conduct
	the transfer of an officer to grant	investigations that require police
	funded Domestic Violence	officer involvement.
	investigations.	Some delay in follow ups to
	Fewer arrests, citations.	investigations.
	Improved domestic violence	Reduced traffic enforcement.
	investigations.	Fewer arrests, citations.
Eliminate .5 FTE Admin. support	Transfer partial workload to	Modest delay on some projects.
staff (Analyst)	other staff (Training)	
	Poss. delays in budget	
	preparation purchase orders, staff	
	reports, data collection/analysis,	
	payment of invoices, updating	
	website. Increases in overtime.	

2009-10

Position	Internal Impacts	Community Impacts
Eliminate one (1) police	Modest increase in overtime	Reduced police patrol hours
officer position 38	1 less officer to conduct	Reduced safety
	critical enforcement activities	Reduced efforts and more
	(gang interdiction, domestic	delays in critical areas that
	violence, drunk driving	require police officer
	enforcement, parole and	involvement, major crimes
	probation compliance, major	such as robbery, burglary,
	crimes investigations, traffic	identity theft investigations,
	enforcement)	gang interdiction, drunk
		driving, parole and probation
		compliance,
Add one (1) Multi-service	Increased coverage of MSO	Some Improvement in
officer (MSO)	duties (prisoner transportation,	response to minor community
	bookings, animal calls, vehicle	problems (minor traffic
	abatement, minor	accidents, animal problems,
	investigations, Live Scan	vehicle abatement)
	fingerprinting) Transfer of	
	some officer workload to	
	MSOs	

2010-2011

Internal Impacts

Community Impacts

Position

Eliminate one (1) police	Moderate increase in overtime	Further reduction of police
officer position 37	Reduced flexibility in staffing	patrol hours.
officer position 37	Potential increases in officer	
		Reduced safety to community
	fatigue.	and schools.
	Officers may have to be pulled	Some special units may have
	from special assignments to	to be reduced or eliminated
	staff patrol.	(SRO Traffic, CST, RAATF)
	Some workload will be	Delays may occur to some
	transferred to MSOs.	serious calls.
		Reduced traffic enforcement.
		More reduction in policing
		efforts that require police
		officer involvement such as
		major crimes like assaults,
		robbery, burglary, identity
		theft investigations, gang
		interdiction, drunk driving,
		parole and parole and
		probation compliance.
Add one (1) Multi-service	Increased coverage of MSO	Improved response to minor
officer (MSO)	duties (prisoner transportation,	community problems (traffic
	bookings, animal calls, vehicle	accidents, animal problems,
	abatement, minor	vehicle abatement).
	investigations, Live Scan	·
	fingerprinting, Transfer of	
	some workload to MSOs.	
	3	



COMMUNITY DEVELOPMENT DEPARTMENT

17555 Peak Avenue Morgan Hill CA 95037 (408) 779-7248 Fax (408) 779-7236 Website Address: www.morgan-hill.ca.gov

MEMORANDUM

TO: CITY MANAGER

FROM: COMMUNITY DEVELOPMENT DIRECTOR

DATE: NOVEMBER 25, 2008 [EDITED DECEMBER 2, 2008]

SUBJECT: DEPARTMENT SUSTAINABLE BUDGET STRATEGIES

In light of the dramatic slowdown of development activity and its impacts on the Community Development Fund and General Fund, implementation of a variety of measures is necessary in order to more closely align department workload with resources, while retaining ability to provide core Community Development services to the public, development community and internal city staff.

1. Eliminate vacant (and not budgeted) Senior Planner management position.

Impacts: This position has been vacant for almost one year already. Impacts of the Senior Planner vacancy have included shifting more work on the Downtown Specific Plan, Parking Strategy, and EIR to the Community Development Director, shifting more work on the citywide Transportation Study and Circulation Element Amendments EIR to the Community Development Director; shifting a counter coverage day to Assistant Planner; shifting work on the Third Street Promenade to other planners; less progress on in-house CEQA than projected, and Director less available for tasks related to management and other projects. Going forward, the lack of development activity justifies keeping the position vacant.

2. Eliminate vacant (and not budgeted) Development Services Technician position.

Impacts: This position has been vacant for almost one year already. Impacts of the Development Services Technician (DST) vacancy have included shifting more counter coverage duty to the Assistant Planner; shift of certain reporting activities to other DSTs and some planners, and less opportunity for cross-training the DSTs to planning matters.

3. Eliminate existing vacant (and not budgeted) Chief Building Official management position.

Impacts: Existing consultant contracts allow the City to "go outside" for certain CBO expertise on an as-needed basis. The Community Development Director already assists with certain budgeting, contracting and personnel tasks for the Building Division.

4. Reclassify existing Senior Building Inspector/Facilities Manager to a ""Building Manager" management-level job classification to be created, which would incorporate Facilities Management duties as part of the Building Manager position. Provide for the Building Manager position personnel allocation to reflect 5% of time from RDA Operating and 5% from RDA Housing (as had been the case when the CBO position was filled in past years).

Impacts: Building Manager position would accurately reflect duties of the job, which include counter coverage, management of building division work, plan checking, and facilities management. This position typically does not perform outside building inspections but is available on a back-up basis only.

5. Eliminate the Senior Building Inspector/Facilities Manager management position, and instead budget for a non-management Building Inspector II position. Conduct recruitment to fill Inspector II position.

Impacts: Eliminating this management position would retain just one management-level job within the Building Division, which is appropriate. Expertise at the higher level of knowledge and skills for the remaining Division position is required in order to have inhouse capacity to perform the full range of building inspections in the field: from the most simple to the most complex. The Building Inspector II position would also be at the more-qualified level and able to assist the Building Manager as needed with plan checks, and with coverage when the Building Manager is on vacation. One option to having in-house Building Inspector II position would be to contract out for such services.

6. Eliminate Building Inspector positions.

Impacts: Eliminating both Building Inspector positions is supported by the reduction in the level of development and inspection activity. Also, with only one Building Inspector to assist the Building Manager and perform variety of inspections in the field, that position must be at the higher level of knowledge, skill and experience.

7. Add "Housing Rehab Program" duties to Code Enforcement Officer. Fund position with 0.25 FTE RDA Operating (as it is currently) and 0.25 CDD and 0.50 RDA Housing; have from ¼ to ½ of the position relate to housing rehabilitation program activities.

Impacts: Reduced ability to respond to citizen code compliance complaints. Focus will shift to "Blight Busters" and addressing the more significant code violations. Items such as garbage cans, debris and basketball hoops in the public right of way, neighbor fence disputes, and so forth will likely receive only a form letter response with minimal follow-up. Emphasis of position will shift to addressing the more significant housing code compliance matters, as well as promoting housing rehabilitation funding available to property owners to address habitability and blight issues.

8. Do not fill the ½- time budgeted custodian position for DSC; reduce custodian services on city hall campus to every-other day.

Impacts: Janitorial services every-other-day may means that employees will need to pay closer attention to keeping workspaces and kitchen/eating areas clean. This level of service will begin with the opening of the Development Services Center on January 5, 2008; if a 6- to 18-month trial period goes well, then this arrangement could become permanent.

9. Eliminate Administrative Secretary position.

Impacts: Many other staff positions would be required to absorb duties currently performed by the Administrative Secretary. Planners would become more responsible for managing tentative agendas and proper legal noticing, coordinating with Municipal Services Assistant. There would be less phone and counter back-up, and Development Services Technicians would need to take on more of this activity. Planners would need to prepare their own action follow-up letters to applicants to inform of actions of Planning Commission and City Council. With the move to the Development Services Center, the Public Works Administrative Secretary may be called upon to assist with a limited number of Community Development Department tasks that formerly were handled by the CDD Administrative Secretary. With less development activity, the transition of duties to planners, DSTs and other staff would be feasible. If a 6- to 18-month trial period goes well, then this arrangement could become permanent.

10. Eliminate Assistant Planner position.

Impacts: With less development activity, there is less of a need for planner services, and it is not sustainable to retain the same number of planners into the foreseeable future. Elimination of the Assistant Planner position will shift counter and phone duties, business license checking, certain plan checking, and certain discretionary permit review to Development Services Technicians and Planners. Currently, Senior Planners are scheduled for "back-up" counter coverage, but with fewer planners they will be scheduled to share provision of "primary" counter coverage, as has occurred in past years. Under either of the Furlough or Eliminate Position options, the City may be able to facilitate temporary full-time employment with another Santa Clara Valley city.

11. Dedicate 40% of Associate Planner time in FY 08/09 to work with Information Services, across departments, to advance and integrate GIS and department databases and improve information available to internal and external customers over the web.

Impacts: The Associate Planner has been spending a significant amount of time this fiscal year further developing the city's Geographic Information System (GIS). It would be anticipated that an even stronger effort would take place between March and June 2009. During the following FY 09/10, development activity is projected to increase, and Associate Planner time will be needed to work with the two Senior Planners and Planning Manager to provide counter services, process development applications and provide other core on-going services.

12. Adjust personnel allocation for OA-II position, to reflect funding 40% from RDA, to reflect receptionist and support assistance to be offered to RDA staff at DSC, from January 2009 on into the future.

Impacts: The RDA will not be bringing administrative support staff to the Development Services Center. The CDD OA-II position will be providing reception, phone coverage, and support services to RDA-funded staff and activities, therefore an allocation of 2 days a week funded by the RDA is supportable for the foreseeable future.

13. Retain two existing Senior Planner positions, but develop a mechanism whereby other cities could contract for services to be provided at hourly rates reflecting annual salary + benefit costs divided by 1,800 hours.

Impacts: For a portion of FY 08/09 and into FY 09/10, a low level of applications for discretionary permits would allow for some level of contracted assistance to other

agencies; particularly starting in March 2009. Must ensure retention of a sufficient number of hours at Morgan Hill to provide counter coverage and complete work that continues to exist in the Community Development Department. Benefits of retaining planning staff even though permit activity is low, as well as career development benefits to employees able to broaden experience through work at other agencies.

14. Shift personnel allocation for Part Time Temporary employee to reflect 80% funding of time from RDA Housing (due to Housing Element duties), 10% from Open Space Fund, and 10% from GP Update Fund; make change retroactive starting from July 1, 2008 and going through June 30, 2009, at which time it is assumed that the temporary part time position could be eliminated and any duties redistributed to permanent staff in RDA and Planning.

Impacts: Once Housing Element is done, this position would typically be considered for other long-range planning assignments, however given budget constraints it is necessary to have permanent planning staff carry out this work rather than temporary part time employees.

- 15. Other shifts of personnel allocations that could be supported:
 - a. Planning Manager position is currently 15% RDA Operating and 15% RDA Housing; given the amount of time spent on RDCS and affordable housing issues (especially this year with BMR review), including annual RDCS ordinance amendments, allocation could increase by 5 or 10% to the RDA Housing Fund; going to 20% or 25%.
 - b. One Senior Planner's time to RDA Housing Fund could be increased another 10%, to get it to the 15% level of the other Senior Planner position.

Impacts: No impact on level of staffing or effort; the shift would marginally increase the percentage of pay for the Planning Manager and a Senior Planner that is paid with RDA funds. This is supportable given the level of efforts on affordable housing program, affordable housing projects, and projects and programs in the RDA project area.

The above strategies would result in a core planning and building staff of 12 positions, consisting of:

Community Development Director (1)

Planning Manager (1)

Senior Planners (2) – portions of time paid by RDA and potential for contracting services to cities

Associate Planner (1) – furloughed part of time to GIS for Morgan Hill

Building Manager (1)

Building Inspector II (1)

Code Enforcement/Housing Rehabilitation Officer (1) [75%-funded by RDA]

Development Services Technicians (2)

Municipal Services Assistant (1)

Office Assistant II (1) [40% funded by RDA]

When development activity increases, the Department would expect to need to add a building inspector and/or contract for additional plan check/inspection services. There may be a transition strategy of contracting with other cities such as Gilroy. The Associate Planner would return to full time planning work, and Senior Planners would no longer be contracted out to other cities if services needed in Morgan Hill. When development activity levels resume, an Assistant Planner position would be added.

Other revenue-increasing and cost-saving measures that can be pursued include but are not limited to:

- Carry out all scanning of building permits, even large-size, in house with OA-II/DSTs;
- Develop an "amnesty program" to permit existing unpermitted construction without penalty fees;

- Train staff to be "green point raters"; provide services to applicants and possibly contract services to other agencies;
- Publicize the benefits of and ease of obtaining building permits; promote information on the web to make the process understood and welcoming; revise fee structure to promote conceptual reviews.



Memorandum Public Works Department

Date: December 8, 2008

To: Ed Tewes, City Manager

From: Jim Ashcraft, Public Works Director

Subject: Impact for Budget Reduction of Park and Street Maintenance Programs

Parks Maintenance

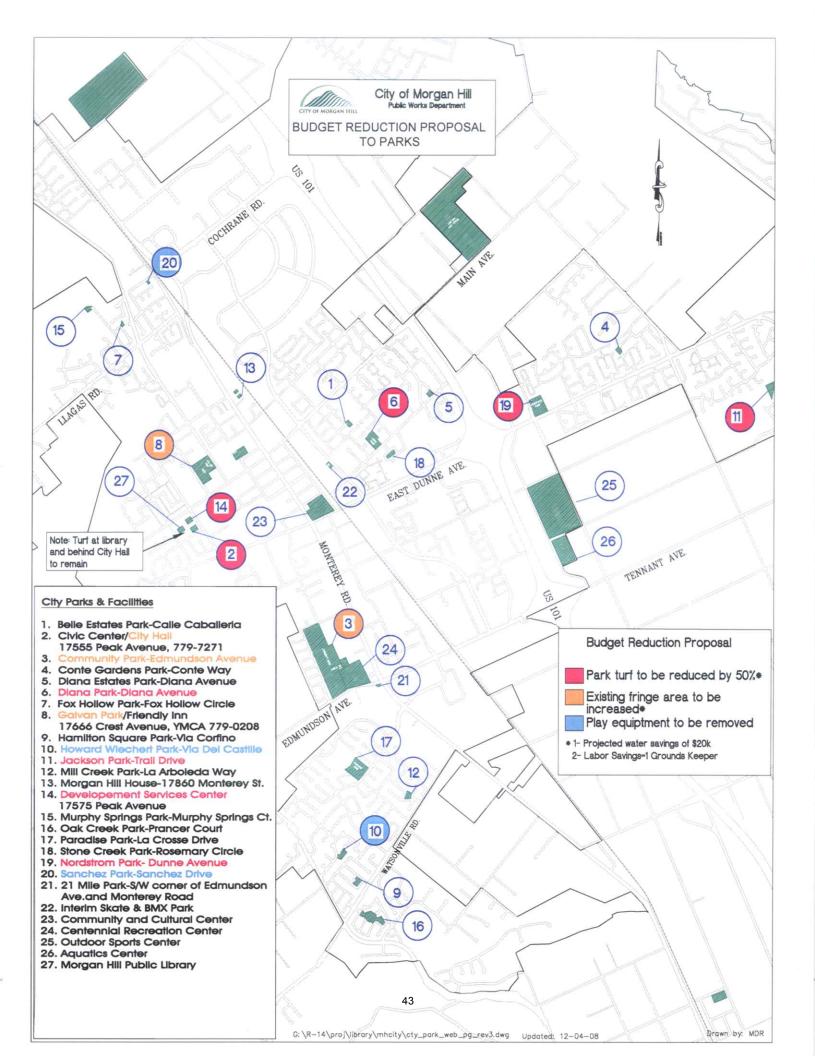
The major impact of the proposed service reduction is the substantial reduction (up to 50%) of the turf at Diana, Nordstrom, and Jackson Oaks neighborhood parks and the elimination of turf at Howard Weichert Park and the Dog Park. The concept is an expansion of the "fringe area" concept implemented in FY 04/05, now expanded to all but our highest use Parks. The highest use currently at the Diana, Nordstrom, and Jackson Oaks Parks is the play equipment; we would continue the maintenance of that equipment. We would additionally reduce the turf areas at City Hall, along both the Alkire and Peak Avenue frontages, and install drought tolerant planting as funding would allow. We would also remove the play equipment at Sanchez and Howard Weichert Parks, our lowest use parks, since play equipment requires weekly safety checks and maintenance.

Streets Maintenance

The major impact of the proposed reductions is turning off 2/3 of our residential street lights. Additional service reductions include:

- 1) the elimination of preventative storm drain clearing, except when major storms forecast,
- 2) the elimination of roadside weed abatement, except for fire hazard areas,
- 3) the elimination of illegal sign and shopping cart removal from the public streets, and
- 4) a delay in responding to all but emergency work requests.

JA:kn





Memorandum Public Works Department

Date: December 8, 2008

To: Ed Tewes, City Manager

From: Jim Ashcraft, Public Works Director

Subject: Impact of Budget Reductions in Environmental Programs

The impact of budget cuts of \$120,000 annually in non-personnel expenses in the Environmental Programs Division Budget would be:

- Conducting significantly less environmental education of the public. This would reduce environmental awareness, and reduce the public's participation in the City's activities. The City's recycling rate may decrease while we only conduct the minimum AB939 compliance activities;
- Reducing substantially carbon diet club activities by limiting the number of club members and the outreach for the program. This would reduce the City's efforts to date to reduce its community carbon footprint;
- Reducing the ability for residents to dispose of household hazardous waste by reducing our
 contributions to the Countywide program. This could result in some residents being denied
 access to household hazardous waste management services;
- Decreasing our ability to respond to the increasing stormwater pollution prevention mandates being pushed by the Regional Water Quality Control Board

The impacts of eliminating the Environmental Programs Coordinator position would be:

- Termination of Environmental Indicator Analysis and Reporting. The annual reports on the City's carbon footprint, air quality, and other environmental measures would be discontinued entirely. The City would not be able to measure its environmental quality and health;
- Complete Elimination of Environmental Agenda Implementation in the Following Areas;
 - Climate Protection Activities Including Carbon Diet Club
 - Alternative Trips Initiative
 - Go Local Campaign
- Termination of Green Building Ordinance Development and Green Building Guidance support to the Community Development Department
- Elimination of Quarterly Green Forum Events
- Further Reduction in Stormwater Pollution Prevention Plan Activities



MEMORANDUM

Date: November 25, 2008

To: Ed Tewes From: Brian Stott

Re: Fire Contract Services, Human Resources & Communications & Marketing

Budget Reduction Impacts

As part of our organization's efforts to reduce operational expenses, the following is a list of potential service level reductions and associated impacts. The impact of the savings outlined below is up to \$206,000 but is not without impacts to the community and City staff. I have attempted to outline those impacts below. Please let me know if you need additional information on any of these items.

Description	Internal Impacts	Community Impacts				
Reduce City Connections Frequency from 6 times per year to 3 times per year combined with the Recreation Guide (\$23K annually)	Reduced workload for Assistant to the City Manager and various other staff contributing articles.	Reduction in the Communications & Marketing materials to City Residents (6 editions to 3 annually) Further hamper the City's efforts to disseminate information to its citizens.				
Reduce Human Resources Part-time temporary (\$20K annually)	Reduced Human Resources ability to complete special projects including annual employee compensation & benefit statements, policy updates, training and safety programs. Some services can be absorbed by other HR staff but some workplan items will either be deferred or not completed. Potential elimination of annual employee compensation & benefit statements to employees.	Initially, most of the additional work can be absorbed by other staff with the current slow-down in recruitments. However, once recruitments return to previous "normal" levels, HR staff may be less responsive during the recruitment process due to workload issues.				

Eliminate Human Resources Director position (\$94K)	Loss of high-level HR expertise in the City. Enhanced workload for Assistant to the City Manager. Potential to reorganize City Clerk, Finance, Human Resources and Information Systems into an Administrative Services Department.	No noticeable direct impact to the community.
Reduce HR Assistant position by 0.25 FTE - from 0.75 FTE to 0.50 FTE (\$19K)	Full-time HR staff will need to devote more time to recruitments and various clerical assignments currently performed by the HR Assistant.	Potential of being less responsive to job applicants and less proactive on job recruitments.
Contract Savings for Fire Service (\$50K)	None directly to City Staff. However, County Fire staff would be less prepared to respond in the event of an actual fire in Morgan Hill during periods of high fire danger or the draw down of local fire resources due to mutual aid.	Community fire protection is currently at a minimum level with only two fire stations serving Morgan Hill. During the fire season, County Fire periodically provides additional patrol trucks when other local resources are drawn down (mutual aid to other locations in the state or local area). This policy decision is based on risk tolerance of the community.



Memorandum Finance Department

Date: November 21, 2008

To: Ed Tewes, City Manager

From: Jack Dilles, Finance Director

Subject: Impacts of Proposed Finance Department Cost Reductions & Revenue

Increases

ELIMINATION OF UNFILLED ACCOUNTING ASSISTANT POSITION

The elimination of this ³/₄-time position, which has been vacant since the end of September, and which will *save* \$59,000 per year, will result in the following impacts:

- 1) The risk of incurring errors in accounts payable and accounts receivable has increased, with the potential to incorrectly overpay a vendor or under-bill a customer.
- 2) Staff is taking more time to bill customers, resulting in delayed billings which cost the City minor interest earnings on monies the City would otherwise have and which increase the chance that the City will be unable to collect from its customers. In general, a customer is more likely to pay a recent billing than to pay one from some time ago, partly because delayed billings may not reach customers who have moved elsewhere.
- 3) There has been a delay in preparing and delivering delinquent customer accounts to the City's outside collections agency. Again, the City loses interest earnings and risks recovery of amounts due to the City.
- 4) Staff has a more limited ability to respond to requests for information from other departments to which Finance provides services and to respond to requests from the public. As a result, Finance is reducing its ability to respond to such requests in a timely way, which could impact service delivery by other departments to the public.

IMPLEMENTATION OF CREDIT CARD TRANSACTION FEE

The implementation of a convenience or transaction fee for each transaction in which a City customer makes credit card or debit card payments to the City would *allow the City to recover its estimated \$12,000 cost* in 2008/09 for non-Recreation activity in the General and Community Development Funds. The cost of Recreation credit card processing has already been factored into the amounts currently charged to the public. Recent costs are summarized below:

	July-Sept 2008	FY 2007/08
General Fund (non-Recreation):		
Finance (Business licenses & TOT)	2,433	7,033
Police:	94	524
Total General Fund (non-Recreation):	\$ 2,527	\$ 7,557
Community Development Fund:		
Planning:	\$ 229	\$ 1,256
Building:	889	8,469
Engineering:	24	157
Total Community Development Fund:	\$ 1,142	\$ 9,882
Total General & Community Development:	<u>\$ 3,669</u>	<u>\$17,439</u>
Other Funds/Activities (Information only):		
Recreation:	\$11,656	\$35,991
Utility Billing:	\$ 6,040	\$20,852
Other Funds (primarily impact funds):	\$ 366	4,484

The City's customers would obviously be impacted through an estimated 2.5% increase in their costs for using a credit card. These costs would probably not dissuade customers from participating in paying fees to the City because most of these fees are necessary for businesses and developers to conduct their activities. However, these additional charges might cause them to instead pay for services by cash or check. In that case, the City would receive a similar benefit and would avoid the processing costs.



Memorandum City Clerk's Office

Date: November 21, 2008

To: City Manager

From: Council Services & Records Manager

Subject: Staffing Reduction Impacts

The Council Services & Records Management (CS&RM)/City Clerk's Office was fortunate to be allocated the funding resources to have a Document Imaging Technician come on board in October 2007. The Document Imaging Technician was utilized to enhance the City's document imaging system's search features; keeping up with the City-wide document imaging needs.

With the resignation of Danille Rice as our Municipal Services Assistant (MSA) in October 2008, the Document Imaging Technician was pulled from her imaging duties and is now being utilized to assist with the day to day assignments of the CS&RM/City Clerk's Office. The MSA position remains vacant. The current OAII has increased her hours from ¾ (½ CS&RM and ¼ BHAS funding) to a 40-hour work week (temporary full-time status) to assist with the workflow.

Based on the need to meet the City's Sustainable Budget Strategy, the Council Services & Records Manager's budget is proposed to be reduced by the elimination of a ½ time Office Assistant II and to have a ¾ time Municipal Services Assistant.

I would like to argue the importance of retaining the full time MSA position dedicated to the CS&RM/City Clerk functions. Funding to be ¾ general fund and ¼ Redevelopment Agency funding based on the assistance provided to the BAHS Department. The MSA is the right hand, go to person in the absence of the CS&RM/City Clerk. In the absence of the CS&RM/City Clerk, the MSA would be the individual responsible for making sure that state and local mandates are met (e.g., Brown Act, Public Records Requests, FPPC filings, assistance with records management, etc.). I understand that each department will need to reduce employee costs or services. This can be achieved by proceeding with a different employee cost reduction scenario: reducing the hours of one of the two OAII positions.

Impacts associated with reducing the hours of any CS&RM/City Clerk staff will result in the following:

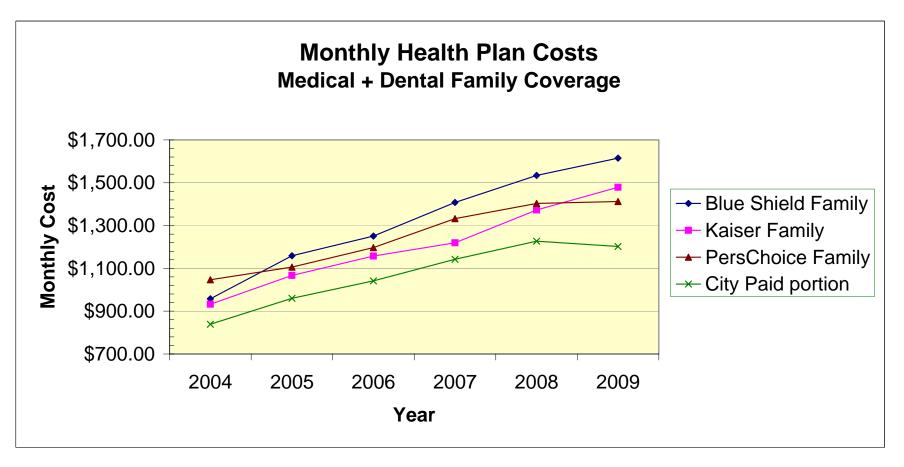
➤ Delays in processing public records act requests; yet remaining in compliance with the California Public Records Act.

- ➤ Delays in processing contracts
- > Delays in retrieving documents from the records center
- > Imaging of historical records would take a back seat to other tasks
- Deferral or reducing records clean-up (records management) to every other year or so
- ➤ May result in the elimination or reduction in passport acceptance hours; resulting in reduced revenues to the City
- ➤ Delays in posting Council Agendas to the City's website
- ➤ Additional work hours would be imposed on the CS&RM, and possibly other staff members to ensure critical deadlines are met
- ➤ Possible elimination in the review of the Municipal Code updates for errors before distributing city-wide (including City website postings)
- ➤ Rushing to meet critical deadlines may result in errors
- ➤ Reduced CS&RM/City Clerk staffing may make it difficult to assist/coordinate Council participation in community/civic events (scheduling)
- ➤ CS&RM/City Clerk's Office did not implement a flex schedule because of the need to have front line staff assist internal/external customers, and to make sure that we meet and comply with all deadlines/mandates. Reduced hours and/or staffing positions would impact the ability to have adequate coverage to maintain the workflow when multiple staff members request the same leave time (denial of some leave requests).
- ➤ Basically, fewer hours/staff members will result in delays, delays, and more delays in the workflow coming from the CS&RM/City Clerk's Office

The CS&RM/City Clerk's Office has seen a rash of California Public Records Act (PRA) requests filed lately that have taken up a considerable amount of time on everyone's part. All staff members have been assisting with document research, copying, and tracking the status of the PRAs to ensure compliance.

In summary, it is being requested that the City **PLEASE** retain the MSA classification/position. If employee cost cuts are necessary, consideration should be given to reducing the hours of an OAII position.

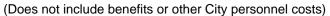
Thank you for considering my recommended shift in cost savings. Please let me know if you have any questions.

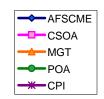


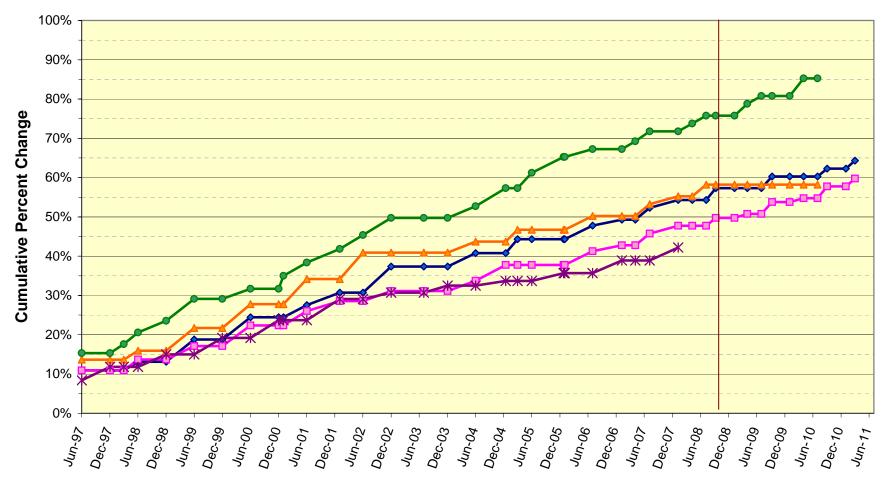
Coverage (Calendar Year)	2004	2005	2006	2007	2008	2009
Blue Shield Family	\$957.70	\$1,158.69	\$1,251.09	\$1,407.63	\$1,534.30	\$1,614.93
Kaiser Family	\$932.22	\$1,066.90	\$1,157.18	\$1,219.72	\$1,372.42	\$1,479.03
PersChoice Family	\$1,046.60	\$1,106.11	\$1,196.72	\$1,332.15	\$1,403.13	\$1,411.90
City Paid portion	\$839.00	\$960.28	\$1,041.46	\$1,142.75	\$1,227.02	\$1,202.10

Total City Paid Health Benefit Costs	FY 05/06	FY 06/07	FY07/08	FY 08/09
(FY 05/06 - FY 07/08 actual)	\$1,402,918	\$1,568,942	\$1,846,097	\$1,979,778
(FY 08/09 estimate)				

Salary Increases FY 1994 - FY 2010







pershist 9 24 08 PERS HISTORY FROM FISCAL YEARS 1995 THROUGH 2008

12.900% 1,317,712 1,762,357 3,080,069

									% Funded				Unfunded Liability				
Fiscal									State			State	City				
Year	Employer Co	<u>ontribution</u>	Emplo	oyer Contrib	ution	Employer	Contrib % o	f Payroll	Pool	City	City	Pool	Safety	City	City	Total	
Ended:	Safety %	Misc. %	Safety \$	Misc. \$	Total \$	Safety %	Misc. %	Total %	Safety %*	Safety %	Misc. %	Safety \$*	Side Fund \$	Safety \$	Misc. \$	City \$	
1994	10.766%	5.608%								102.1%	104.7%			(249,974)	(353,638)	(603,612)	
1995	10.766%	5.608%	134,363	228,910	363,272	6.3%	3.3%	4.0%		102.9%	105.9%			(364,768)	(481,446)	(846,214)	
1996	10.766%	5.608%	163,665	246,119	409,785	6.7%	4.1%	4.9%		103.5%	111.8%			(495,714)	(1,071,138)	(1,566,852)	
1997	11.758%	3.564%	190,689	157,319	348,008	8.1%	2.6%	4.2%		116.3%	128.0%			(2,385,080)	(2,627,839)	(5,012,919)	
1998	10.490%	1.820%	181,846	84,519	266,366	7.9%	1.3%	3.1%		121.0%	139.5%			(3,510,282)	(4,142,009)	(7,652,291)	
1999	12.752%***	0%	119,848	-	119,848	4.6%	0.0%	1.3%		126.8%	133.5%			(4,838,127)	(4,341,585)	(9,179,712)	
2000	0%	0%	-	-	0	0.0%	0.0%	0.0%		126.3%	129.3%			(5,292,489)	(4,339,317)	(9,631,806)	
2001	0%	0%			0	0.0%	0.0%	0.0%		109.9%	129.3%			(2,366,852)	(3,502,366)	(5,869,218)	
2002	0%	0%	-	-	0	0.0%	0.0%	0.0%		90.0%	101.2%			1,805,082	(221,431)	1,583,651	
2003	0%	0%	-	-	0	0.0%	0.0%	0.0%	83.8%*		84.7%	692,831,816*	3,468,932		3,601,526	7,070,458 *	
2004	8.805%	2.469%	194,860	254,330	449,190	5.5%	2.1%	2.9%	82.2%*		80.1%	959,335,096*	4,071,242		5,397,791	9,469,033 *	:*
2005	24.397%	8.133%	686,869	718,917	1,405,786	14.6%	5.5%	7.9%	83.2%*		79.5%	1,071,898,889*	4,193,813		6,288,290	10,482,103 *	
2006	28.193%	12.542%	877,248	1,204,674	2,081,922	18.6%	7.7%	10.2%	83.9%*		81.9%	1,175,434,267*	4,199,911		6,110,092	10,310,003 *	
2007	29.747%	12.285%	1,004,013	1,453,496	2,457,509	20.1%	8.8%	11.4%	85.5%*		94.7%	1,159,455,717*	4,196,117		6,610,036	10,806,153 *	*
2008	28.683%	13.571%	1,025,223	1,550,892	2,576,115	18.6%	8.7%	11.0%	N/A		N/A	N/A			N/A	N/A	
2009	28.452%	13.168%	1,175,556	1,661,191	2,836,747	19.4%	9.5%	12.1%									
2010	28.053%	12.919%	1,238,742	1,711,027	2,949,769	19.4%	9.5%	12.1%									

12.2%

27.500%

2011

9.5%

19.4%

^{*} For State-wide pool

^{**} Sum of City's miscellaneous unfunded liability and City's safety plan side fund, but not equal to City's share of unfunded liability because City's safety plan is part of a State-wide pool

^{*** 12.752%} safety rate went to 0% effective January 1999